Columbus, Ohio: The 'everyman' of America

By Haya El Nasser, USA TODAY 12/2003

COLUMBUS, Ohio — Mayor Michael Coleman has one piece of advice for presidential candidates: Campaign as if you're running for mayor of Columbus. If you can win Columbus, you can win America.

Columbus *is* America. It's urban. It's suburban. Farmland is just a freeway exit away. It has poor inner-city neighborhoods and exclusive suburbs.

It's a state capital and has the sophistication that a big state university brings. Yet it hasn't lost its Midwestern simplicity. Columbus is the home base of Wendy's International, Red Roof Inns and Limited Brands — leaders in mass consumption and symbols of middle America. And Columbus is experiencing all the demographic trends that have swept the nation in the 1990s: population growth, sprawl, aging, an influx of immigrants and downtown revitalization.

Marketers have realized Columbus' "everyman" qualities for some time. The city is a favorite testing ground for products from cars to potato chips. "It's representative of the rest of the nation when it comes to consumer interests, voting interests," Coleman says.

The changes in the 1990s have been as dramatic in Columbus, the USA's 15th-largest city, as in the rest of the nation. The city's aggressive annexation continued. Columbus grew from 191 square miles in 1990 to 225 square miles today. Population increased from 633,000 in 1990 to more than 720,000 today.

Affluent new communities were built: Easton and New Albany to the east. Town centers, homes, condos and offices sprouted on farmland. Easton's creator is Les Wexner, founder of The Limited apparel chain and one of Columbus' most famous and wealthiest residents. Limited executives live in expensive homes in New Albany.

Some neighborhoods have been transformed by immigrants. Northland, once a mostly white and black working-class neighborhood, now is multiethnic. It's home to many of the 30,000 Somali refugees in Columbus, one of the largest concentrations in the USA. They're helping revive an area that became depressed after the Northland Mall, once one of the region's most successful, closed. The land has been purchased and will be redeveloped into a retail, residential, office and recreational complex.

Curtis McGuire, a black entrepreneur, has lived in Northland since 1986. He has witnessed the changes. Elderly neighbors died, and young people moved in. His freight management company, Redleg's, is based in a building that now has a health center for Somali refugees. He has had to reach out to the Hispanic and Somali communities to recruit workers.

"We are a city of new immigrants," says Coleman, who just cut the ribbon for a Somali-owned mall. "That's a good thing."

The Hispanic population more than doubled in the 1990s to about 18,000. Most of these immigrants from Mexico live on the west side of the city. Businesses are responding to this ethnic wave. Nationwide Insurance opened offices to cater to recent immigrants.

The city has weathered the recession better than most because of its diversified economy. It has always been less reliant on heavy industry than other Midwestern cities. Poverty declined in the 1990s. The number of people living in high-poverty neighborhoods dropped 55% to 48,020 in the 1990s, according to recent studies by the Brookings Institution.

Downtown is showing more activity than it has in decades. A hockey arena was built for the National Hockey League's Blue Jackets. A $28.5 million soccer stadium 4 miles away opened in 1999 for the Columbus Crew, a Major League Soccer team.

More people are living downtown in hip neighborhoods such as Short North and the brewery district. Kroger just announced it will open a supermarket downtown. The city is two years into a 10-year plan to add 10,000 housing units downtown. A retail center straddling Interstate 670 is under construction. A floodwall has finally gone up to contain 7 miles of the Scioto River. "We can continue to grow," City Council President Matt Habash says. "We are not locked in in any way."

Old labels just don't stick in 21st century

By Haya El Nasser and Paul Overberg, USA TODAY

COLUMBUS, Ohio — Lucero Murillo is a single working mother who saved enough money to buy a modest home last year. She moved out of a neighborhood of recent immigrants on the west side of Columbus and into an older, working-class residential area on the city's south side.

The fact that Murillo, 35, is Hispanic matters less today than it did 10 years ago — at least to businesses looking for customers. What really counts is that she's a homeowner and has a job to pay the mortgage.

As the U.S. population grows more diverse and as immigrants move up the economic ladder, race and ethnicity are becoming less important than education, income, home ownership, age and lifestyles. In fact, as Hispanics, blacks and Asian-Americans increasingly move to middle-class suburbs and prosperous neighborhoods, they're identified more by their lifestyles and spending habits than by their ancestry.

Marketing experts have caught on to this and other dramatic changes in American life since 1990: record immigration, aging, suburban sprawl and rising numbers of singles, single parents and households without kids.

To reflect the demographic shifts, they've overhauled the catchy labels they use to define the population clusters that retailers, advertisers and government agencies want to reach.

"The two great forces, aging and diversity, have rendered the traditional categories in many cases irrelevant," says Robert Lang, director of the Metropolitan Institute at Virginia Tech.

Murillo, for example, no longer fits in population clusters called "Hispanic Mix" or "Latino America." She's now part of "White Picket Fences" — a symbol of a middle-class suburbia that once was mostly white. Now, that group has substantial percentages of blacks and Hispanics.

"Whether a Latino household wants to buy a lawn mower has less to do with their ethnicity than if they happen to be homeowners," says Michael Mancini, vice president of consumer targeting for Claritas, a San Diego-based firm that dominates the field of research called "geodemographic segmentation."

Claritas and other companies help retailers, ski resorts, automakers, newspapers, cities' economic development officials and other businesses and agencies reach the people they want to reach. Clients hire them to make sure the $250 billion they'll spend on advertising and marketing this year is well spent.

The research brain trusts are pinpointing who lives where; what they're most likely to read, drive and eat; how many kids they have; and where they shop. And they are doing it with unprecedented precision. They are going far beyond the characteristics of people in certain ZIP codes to details about people in specific neighborhoods — even individual households.

A new-look USA

Using the latest Census data and consumer research, including surveys and product warranty information, these companies are documenting the dynamic shifts in where and how Americans live:

Some declining city neighborhoods have been rejuvenated by the affluent. Suburban sprawl has created new cities. Immigrants have revived old ethnic communities. The population is getting older as the nation's 78 million baby boomers reach — and pass — middle age. Pockets of suburbia increasingly have no children, reversing patterns that have dominated suburban development for more than a half-century. And education levels are rising, turning technology-savvy young professionals into a major economic force.

The metamorphosis is mirrored by the new monikers for population clusters.

Young professionals reading fewer newspapers and magazines but going online? Scrap the old nickname, "Young Literati." Now, they're "Young Digerati."

More wealthy people moving West? Drop "Tuxedo Park," the symbol of East Coast money. Give it a Western twist — "Tuxedo Trails."

The new nicknames reflect important trends:

•**Youth and education trump old money in cities.** Young Digerati, an ethnically mixed group, is the most affluent urban cluster. As a group, the richest city residents no longer are the older and mostly white "Urban Gold Coast," people in neighborhoods such as Chicago's Lakeshore Drive and Boston's Beacon Hill. Instead, young, tech-savvy, highly educated singles and couples have become more crucial to the prosperity of cities. Young Digerati tend to live in fashionable neighborhoods, such as Denver's LoDo and Chicago's Lincoln Park. They now are more affluent than "Money & Brains," older professional couples who have few children and own homes in upscale city neighborhoods.

"The richest people in the cities in 1990 were in their 50s and older," Lang says. "The richest people in 2000 have the word 'young' in their titles."

•**The big money is in the suburbs.** The three most affluent population segments from Claritas are suburban homeowners: couples age 45 and older ("Upper Crust"), middle-age executives with children ("Blue Blood Estates") and middle-age couples, often entrepreneurs ("Movers & Shakers"). These people are mostly white, but some are Asians.

Upper Crusters travel abroad, donate to PBS, read *Architectural Digest*, watch *Wall $treet Week* and buy the Lexus ES 300.

Blue Bloods have kids. So, despite their wealth, they eat at fast-food joints. They drive Acura SUVs, read *Fortune*, take golf vacations and watch Major League Soccer.

Movers & Shakers plan scuba diving vacations on the Net and are more likely than other groups to own a small business and have a home office.

•**Americans don'tneed to live in big cities to be urbane.** Sprawl has created "Brite Lites, Li'l City." These are small urban centers on the edges of large metropolitan areas. They're home to well-off, middle-age couples who have two incomes and no kids. These suburban professionals live in homes filled with the latest technology in places such as Downers Grove and Naperville, Ill., west of Chicago; Reston, Va., outside Washington, D.C.; and Irvine, Calif., south of Los Angeles. The communities combine suburban comforts and urban vibrancy: Internet cafes, boutiques and trendy bars in new retail and residential centers designed to look like traditional downtown neighborhoods.

•**Suburbs are going childless.** The aging of the population is redefining suburbia. Ten years ago, the most affluent suburban group had kids. Now, the wealthiest (Upper Crust) are 55-plus empty nesters who earn more than $200,000 a year. The change shatters the traditional vision of suburbs as residential enclaves for families.

"Whole neighborhood types defy the urban and suburban logic," Lang says. "Suburbs usually equal kids, yet the most affluent suburbs are without kids."

•**Young black and Hispanic college graduates are reviving cities.** They live in funky row houses and apartments in old neighborhoods that have been spruced up. They're part of the "Bohemian Mix," a cluster that has a substantial percentage of blacks and Hispanics. It's the most affluent of the racially and ethnically diverse groups. Bohemians socialize across racial lines, jog, shop at Banana Republic, read *Vanity Fair*, watch *Friends* and drive Audis.

Privacy fears, public data

Marketers know more and more about us: How much we make, what we read, eat and watch on TV. They're marketing with a degree of precision that can make the most sophisticated people uneasy, especially at a time of intense national debate over privacy rights.

Consumer anger over annoying telemarketing pitches prompted the National Do Not Call Registry, which prohibits marketers from calling people who sign up. Probing questions about income, housing and living arrangements in some 2000 Census forms triggered protests. A sweeping law now protects the confidentiality of Americans' medical records.

So how can the marketers do what they do?

Most of the information they gather is public: the Census and government records of births, deaths, marriages, divorces, property deeds, tax rolls and car registrations. What's not public, people give away. They do it every time they fill out a warranty card, answer a survey, buy a car or use their frequent shopper's cards at drugstores and supermarkets.

Buoyed by sophisticated technology, five companies now offer targeting systems that match lifestyles, demographics and spending habits with neighborhoods and households. Claritas, the first to do this almost 30 years ago**,** calls its system PRIZM NE. ESRI sells Community; Applied Geographic Solutions/Experian offers MOSAIC; MapInfo has PSYTE U.S.; and Acxiom has Personicx.

They can provide information by ZIP code (covering 1,500 to 15,000 or more households), Census tract or neighborhood (850-2,500 households), Census block groups (350-750), Census blocks (8-25) and postal ZIP+4 (6-15).

Claritas takes it a step further. It slices its 66 market segments down to individual households.

For businesses of all kinds, detailed information about potential customers is pure gold. Why send direct mail to households not likely to buy certain products or services? Why advertise in newspapers that go to thousands of households when the goal is to reach only families that have kids under 12? Why should a Lexus dealership blanket thousands of households in a ZIP code with fliers if only a hundred are likely to buy luxury cars?

"What retailers are doing now is microretailing their stores specifically to the demographics," says Patrick Dunne, marketing and retailing professor at Texas Tech University in Lubbock. Retailers use the information to determine what merchandise to put in their stores — a rural Wal-Mart, for example, may have more shovels in its aisles than a suburban Wal-Mart.

Build-a-Bear Workshop targets working suburban parents who have plenty of money but little "quality time" for their kids. The retail chain invites them to spend about $30 making personalized stuffed bears with their children. The St. Louis company started with one store in 1997. It now has more than 150 in the USA and abroad.

Build-a-Bear uses lifestyle clusters and its own research to decide where to locate stores. Customers share personal information when they register for an ID for their child's bear.

"We've identified the population clusters that are most likely to go to Build-a-Bear," says Dorrie Kruger, the company's director of strategic bear planning. "We can do a map that shows where these people live, where these neighborhoods are located, and we can overlay a regional mall on top of that. ... I don't think we would be able to make informed decisions without having these tools."

Companies develop numerical models that analyze and group the data. That's how population clusters are born.

"We can look at so many behaviors," says Bob Nascenzi, president and CEO of Claritas. "One behavior could be who bought a red car. Then we'd find 80% are over 40. Then we can look at incomes over $50,000. Mathematically, we do that for thousands of behaviors and thousands of characteristics. You couldn't do that 20 years ago because the (computer) processing speed wasn't there."

But creating names to describe lifestyle and income clusters is more art than science.

"The group of people who sit down and try to apply names to them, depending on their cleverness, they may get it right, or they may get it slightly wrong," says Paul Voss, demographer at the University of Wisconsin-Madison.

Does everybody in the "Kids & Cul-de-Sacs" group read *Parenting* magazine or go to Chuck E. Cheese restaurants? No, but they're more likely to than "Urban Achievers."

Fitting in — or not

As reliable as the research is, it sometimes puts square pegs in round holes.

Gayle Davis of Denver doesn't have credit cards. She avoids surveys. She doesn't sign up for promotional offers. She gives out her Social Security number only when she absolutely must. "I limit it to my employer and my bank," she says. "I protect what I can protect."

But since her husband, William Goosmann, signed her up for the *Harvard Health* newsletter, "I get 10 to 15 prescriptions e-mails a day," she says.

Claritas says they are part of the "New Empty Nests" cluster — older professional couples who own suburban homes and drive Buick Park Avenues. Davis' neighborhood on the south side of Denver fits the bill. But Davis is more "Money & Brains" (professional singles and couples, 45 and older). They are both 47 and have no kids. She does public relations for a major hospital group. He's a wetlands biologist. They donate to the arts and drive Subarus but are thinking of a Saab or BMW convertible.

"We're a group that's misunderstood and overlooked," Davis says of middle-age professionals who never had children and are ready to try new things. She says marketing messages target the young, parents or the old — but not her.

"Yes, there are more magazines for the 40 and up," she says. "But *Ladies' Home Journal* assumes we have 15 children and have time to bake all day. ... The rest assume you're slowing down. They send you calcium messages."

Contributing: Overberg reported from McLean, Va.